



Trade and Agriculture **What's at Stake for West Virginia?**

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West Virginia produces agricultural products that are exported worldwide. In 2000, the State's total cash receipts from farming reached \$391 million, and exports were estimated at \$20 million. These industries are important to West Virginia's economy. Exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

West Virginia's top agricultural exports in 2000 were:

- # poultry and products -- \$16.4 million
- # tobacco leaf -- \$1.4 million
- # fruits and products -- \$1.4 million

World demand for agricultural products is increasing, but so is competition among suppliers. If West Virginia's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

West Virginia Benefits From Trade Agreements

West Virginia is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities include:

- # Trade agreements benefit all Americans. The North American Free Trade Agreement and the Uruguay Round Agreement have resulted in annual gains of between \$1,260 and \$2,040 for the average American family of four. Free trade and open markets provide real benefits: lower prices, more choices, and higher incomes.
- # With a large portion of its farm receipts coming from the poultry industry, West Virginia benefits under the Uruguay Round agreement because South Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997, and is progressively reducing its tariffs to between 18 and 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to South Korea from 22,000 tons valued at \$28 million in 1996 to 83,000 tons valued at \$52 million in 2000. The Philippines opened a tariff rate quota for poultry meat of 16,701 tons in 1998, which will reach 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at \$3 million in 1997 to 17,000 tons valued at \$14 million in 2000.

Under the North American Free Trade Agreement, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff rate quota that will be phased out by 2003. From 1993 to 2000, U.S. poultry exports to Mexico rose from 164,000 tons valued at \$188 million to 281,000 tons valued at \$243 million.

- # West Virginia benefitted under the Uruguay Round agreement because major importers moved to progressively reduce tariffs on tobacco products. The European Union and Japan reduced their tariffs by 2000, and Turkey is reducing its import duties by 2004. Supported by lower tariffs, U.S. total leaf exports to Turkey rose from \$60 million in 1995 to \$86 million in 2000.

In February 2001, the Protocol on Tobacco Blue Mold was signed with China, lifting that country's longstanding ban on leaf imports from the United States. This agreement paves the way for expanded U.S. flue-cured and burley sales to China that the tobacco industry believes could grow to \$140 million by 2003/04.